

KEYSPAN ENERGY DELIVERY NEW ENGLAND
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE-2-26

Date: February 24, 2006

Respondent: Leo Silvestrini

- Q. Please indicate whether the Company, in its previous forecast and supply plan (D.T.E. 01-105), assumed that there would be no commodity price changes when it developed the forecast for low- and high-demand scenarios. If the Company assumed that there would be commodity price changes, please discuss why and the differences between that filing and the current filing.
- A. Please refer to pages 69-72 of the Company's November 30, 2001 filing in docket D.T.E. 01-105. As discussed therein, for the high demand scenario the Company assumed that gas and oil prices would remain the same as those in the base case demand forecast. For the low case however, the Company assumed that gas commodity prices would be lower than those reflected in the base case in the first year of the forecast, higher in the middle years and lower in the final year.

Under normal circumstances, the Company would assume a static commodity gas price forecast for all cases. And, to create a reasonable bandwidth around its base case it would symmetrically adjust household growth and employment rates for the high and low cases respectively. However, when the 2001 forecast was prepared, the terrorist attacks of September 11, 2001 were significantly impacting energy prices. Thus, for planning purposes, the Company determined that it was reasonable and appropriate to use updated gas and oil price forecasts in the low demand case.